



ARIZONA DEPARTMENT OF REVENUE

MEMORANDUM

DATE: February 4, 2004

FROM: THE OFFICE OF ECONOMIC RESEARCH & ANALYSIS

DECEMBER 2003 TAX FACTS

SUMMARY OF GENERAL FUND REVENUES

	<u>December 2003</u>	<u>Fiscal Year Total</u>
Individual Income Tax		
Net Collections	\$229,724,812	\$1,024,492,203
Percent Change	11.3%	4.7%
Corporate Income Tax		
Net Collections	\$85,201,021	\$240,294,974
Percent Change	121.6%	58.1%
Transaction Privilege, Severance & Use Taxes		
Net Collections	\$261,734,569	\$1,594,439,735
Change	8.4%	7.6%
Total Big Three Tax Types		
Net Collections	\$576,660,402	\$2,859,226,912
Percent Change	18.6%	9.4%

TAX FACTS

December 2003

INDIVIDUAL INCOME TAX

Individual Income Tax Receipts

	December 2003	December 2002	% Change
Gross Collections	\$56,932,488	\$48,809,634	16.6
Withholding	213,979,177	209,371,110	2.2
Refunds	(10,764,756)	(15,922,737)	(32.4)
Urban Revenue Sharing	(30,422,097)	(35,879,921)	(15.2)
Net Collections	\$229,724,812	\$206,378,085	11.3

	Fiscal Year 2003/04	Fiscal Year 2002/03	% Change
Gross Collections	\$180,894,491	\$165,054,010	9.6
Withholding	1,123,854,682	1,131,384,362	(0.7)
Refunds	(97,724,390)	(102,621,166)	(4.8)
Urban Revenue Sharing	(182,532,579)	(215,279,526)	(15.2)
Net Collections	\$1,024,492,203	\$978,537,680	4.7

Included in the refund amounts above are refunds relating to the alternative fuel vehicle income tax credit. After offsetting \$550 in tax liability, \$45,354 was refunded. This amount does not include withholding and estimated payments returned to taxpayers because their liability was covered by the alternative fuel vehicle credit.

Individual Income Tax Document Count

In calendar year 2002, the following individual income tax returns were filed:

	140X	140	140NR	140PY	140NPR	141	140A	140PTC	140EZ	140ET	OTHER	TOTAL
#	42,819	1,484,601	81,372	105,925	6	43,756	289,858	14,887	201,823	2,702	34	2,267,783
%	1.9	65.5	3.6	4.7	0.0	1.9	12.8	0.7	8.9	0.1	0.0	

In calendar year 2003 the number of returns filed, and processed, are as follows:

	140X	140	140NR	140PY	140NPR	141	140A	140PTC	140EZ	140ET	OTHER	TOTAL
#	44,149	1,546,452	84,078	99,313	12	43,604	287,618	13,546	190,019	2,632	24	2,311,447
%	1.9	66.9	3.6	4.3	0.0	1.9	12.4	0.6	8.2	0.1	0.0	

The 2,311,447 returns, representing current and prior tax years, filed through December 2003 represents an increase of 2.0% over the December returns filed during the same period of time in 2002. For tax year 2002 filed in 2003, 2,191,681 returns have been filed a 1.2% increase over filings in December 2002 for tax year 2001.

Year-Over-Year Comparison of Resident Taxpayers

Comparisons of Federal Adjusted Gross Income (FAGI) and tax liability growth between two tax years can be made by using data from taxpayers who have filed for both calendar years and have maintained the same filing status for both years. The Department of Revenue has received 1,562,713 returns in calendar year 2003 for tax year 2002 from filers who also have returns on record from calendar year 2002 with the same marital status. On average, these filers experienced a 1.5% decrease in FAGI and a 3.6% decrease in tax liability. More specifically, 40.7% of these filers experienced a decrease in tax liability; on average a decrease of 40.7% with a corresponding average decrease in FAGI of 24.4%. Filers with an increase in tax liability totaled 729,886 or 46.7% with an average FAGI increase of 25.9% and an average tax liability increase of 49.2%.

Average Individual Income Tax Refund

	Average	Number
2003 CYTD	\$563.96	1,496,764
2002 CYTD	\$591.44	1,542,838
% Change	(4.6%)	(3.0%)

"New" Filers in Calendar Year 2003

Table 1 attached to this report, presents the number of "new" returns filed in calendar year 2003. "New" returns are for those filers who did not file in the previous calendar year. Therefore, these filers could be new full-year residents of Arizona, or they may be newly required to file an individual income tax return. (The filer may not have earned enough income in the previous year to file, such as a recent graduate just entering the work force.) The table indicates that 220,129 "new" returns have been filed thus far in 2003, representing approximately 267,894 persons, not including dependents. The average Federal Adjusted Gross Income for these 220,129 returns is \$20,256, with an average tax liability of \$329. The right half of this table presents characteristics of the filers represented on the returns. Of all "new" returns, 20.2% had a married filing joint filing status, 7.6% claimed a 65 and Over Exemption and 34.7% claimed dependents.

Individual Income Tax Estimated Payments

Taxpayers are required to make estimated payments if their Arizona gross income will exceed \$75,000, in an amount which will represent unpaid tax liability at the end of the taxpayer's tax year. Total estimated payments paid with form 140ES for tax year 2001 was \$336.5 million, for an average of \$1,480. An additional \$67.7 million in estimated payments came from 2000 tax returns that applied their refunds as a 2001 estimated payment, for an average of \$1,817. Estimated payments received through December 2003 for tax year 2002 were as follows:

12/03	140ES payment	\$145,646	Cumulative	\$295,362,280
12/02	140ES payment	\$94,512	Cumulative	\$336,505,458
	Percent change	50.1%		12.2%
12/03	Average payment	\$12,137	Cumulative	\$1,534
12/02	Average payment	\$8,592	Cumulative	\$1,480
	Percent change	41.3%		3.6%
12/03	Applied refund	\$189,067	Cumulative	\$75,017,301
12/02	Applied refund	\$20,262	Cumulative	\$67,691,875
	Percent change	833.1%		10.8%
Total 12/03		\$334,713	Cumulative	\$370,379,581
Total 12/02		\$114,774	Cumulative	\$404,197,333
	Percent change	191.6%		8.4%

Withholding

Withholding payments are received from employers and applied towards a specific quarter for the designated year. Information is gathered for 15 months for any given quarter. For example, from January 2001 through March 2003, \$544,701,458 was received for the first quarter of 2002. The latest complete quarter (15 months of information has been compiled) is the fourth quarter of 2002, which shows a decrease of 1.6% in withholding payments over the fourth quarter of 2001. Growth in quarters for which information is still being gathered is as follows:

1 st Quarter 2003	2.9%	3 rd Quarter 2003	0.3%
2 nd Quarter 2003	2.6%	4 th Quarter 2003	3.7%

The comparisons made above were against the same number of months of collections in the previous year. Current choices for withholding are 0%, 10%, 18%, 21%, 23%, 29% or 34% as the percent of federal taxes to be withheld for state taxes. The 0% option is only available to those individuals who had no liability in the prior tax year and expect no tax liability for the current year.

Property Tax Credits

Arizona allows a refundable property tax credit for those who are age 65 or older or who received Title 16, SSI payments and pay property tax on a home. To qualify for this credit, household income must be below \$3,751 for individuals that live alone, or \$5,501 for those that live with others. The maximum credit is \$502.

	Number	Amount	Average
Calendar Year 2003	14,977	\$5,100,639	\$340.56
Calendar Year 2002	15,180	\$5,009,882	\$330.03
% Change	(1.3%)	1.8%	3.2%

Clean Elections

As a result of the November 1998 voter approval of the Citizens Clean Elections, Arizona's income taxpayers can make a donation to the Citizens Clean Elections Commission through an income tax check-off or through a voluntary donation. The following is for tax year 2002:

	December 2003	Calendar Year Total
Check Off	\$14,237	\$3,875,568
Voluntary Donation	(\$947)	\$55,484
Number of Returns	1,924	529,990

Contributions on the Individual Income Tax Return

Through December 2003, individual income tax return filers have made the following contributions:

	Number	Amount	Average
Wildlife	9,933	\$173,598	\$17.48
Child Abuse	11,053	\$196,878	\$17.81
Special Olympics	5,227	\$83,331	\$15.94
Neighbors Helping	3,090	\$40,059	\$12.96
AID to Education	633	\$29,619	\$46.79
Domestic Violence Shelter	8,002	\$138,790	\$17.34
Democratic Party	868	\$18,540	\$21.36
Republican Party	641	\$18,213	\$28.41
Libertarian Party	110	\$2,214	\$20.13

CORPORATE INCOME TAX

Corporate Income Tax Receipts

	December 2003	December 2002	% Change
Gross Collections	\$108,992,703	\$67,811,164	60.7
Refunds	(23,791,682)	(29,360,620)	(19.0)
Net Collections	\$85,201,021	\$38,450,543	121.6

	Fiscal Year 2003/04	Fiscal Year 2002/03	% Change
Gross Collections	\$318,728,163	\$225,634,540	41.3
Refunds	(78,433,189)	(73,666,438)	6.5
Net Collections	\$240,294,974	\$151,968,103	58.1

PLEASE NOTE THAT GROSS COLLECTIONS FOR DECEMBER 2003 INCLUDE \$21,861,409 IN UNUSUAL AUDIT COLLECTIONS. Without this revenue, net collections would have been \$63,339,612. Fiscal year to date growth would be 43.7% rather than 58.1%.

Corporate Estimated Payments

Corporations are required to file estimated tax payments throughout the year only if (1) their Arizona tax liability exceeds \$1,000 and (2) they are required to file federal estimated tax payments.

December 2003	\$64,880,054	Calendar Year Total	\$400,497,240
December 2002	\$49,739,964	Calendar Year Total	\$333,121,389
% Change	30.4%	% Change	20.2%

All corporations with an income tax liability of \$20,000 or greater are required to make their estimated tax payments through electronic funds transfer (eft). The table below shows the number of these eft estimated payments, by size of payment, for December 2003 and for the fiscal year.

Size of Payment ➔	Less than \$50,000	\$50,000 up to \$100,000	\$100,000 up to \$500,000	\$500,000 up to \$1,000,000	\$1,000,000 up to \$10,000,000	\$10,000,000 and more	Total	% chg
December 2003	428	61	60	18	15	0	582	8.8
December 2002	392	58	65	10	10	0	535	
CY 2003	2,649	311	376	77	76	0	3,489	3.4
CY 2002	2,603	320	330	69	51	0	3,373	

Corporate Refunds

Corporate refunds paid in any state fiscal year are for a mixture of corporate fiscal years. The table below presents the percent of refunds paid in FY 2002/03 by corporate fiscal year. For example, in FY 2002/03, 7.0% of the refund dollars paid were for corporate fiscal years ending in 1998 or before. The percentages are for refunds paid through the fiscal year.

Corporate Fiscal Year-End:	98 & Prior	99	00	01	02	03
FY 2002/03	7.0%	6.0%	7.4%	66.3%	13.1%	0.2%
Corporate Fiscal Year-End:	99 & Prior	00	01	02	03	04
FY 2003/04	11.0%	2.5%	2.6%	81.5%	2.4%	0.0%

The corporate refunds shown above are those refunds for which a check is mailed to the corporation. Sometimes corporations choose to apply their refund as an estimated payment. The following table present information on refunds applied as estimated payments in the most recent month and for the calendar year.

December 2003	\$22,660,942	Calendar Year Total	\$157,059,867
December 2002	\$11,398,072	Calendar Year Total	\$161,445,236
% Change	98.8%	% Change	(2.7%)

Corporate Income Tax Document Count

The Arizona Department of Revenue received 99,009 corporate returns showing a fiscal year-end of 2001. The type of return received is indicated below:

	120 X (amended)	120 (regular)	120S (S corp)	99T (exempt org.)	120 A (short form)
#	330	36,585	50,973	324	10,797
%	0.3	37.0	51.5	0.3	10.9

Through December 2003, 100,794 documents have been received for a fiscal year-end of 2002, distributed as follows:

	120 X (amended)	120 (regular)	120S (S corp)	99T (exempt org.)	120 A (short form)
#	289	34,612	54,649	355	10,889
%	0.3	34.3	54.2	0.4	10.8

The figures shown above for the 2002 returns are most meaningful when compared to 2001 returns received during the same period of time in the previous year. Through December 2002, the Arizona Department of Revenue received 99,009 documents with a fiscal year-end of 2001. Compared to 2002 documents, this represents a 1.8% increase in the number of corporate returns received at this point of time in the calendar year.

Urban Revenue Sharing Returned to Cities/Towns

Incorporated cities and towns receive a share of net individual and corporate income tax collections, called Urban Revenue Sharing. The amount of money to be distributed during Fiscal Year 2003/04 is 14.8% of net proceeds from Fiscal Year 2001/02 income tax. In addition, 15% of the amount of monies transferred from the Budget Stabilization Fund to the tax refund account of the state general fund is also be used for Urban Revenue Sharing. Amounts returned for December 2003 are shown on Table 2, at the end of this report.

TRANSACTION PRIVILEGE, SEVERANCE AND USE TAXES

Transaction Privilege, Severance and Use Tax Receipts

The Arizona transaction privilege and severance tax consists of many classifications of tax. These classifications include but are not limited to retail, contracting, amusements, restaurants and bars, hotel/motel and mining severance tax. The collections for all such categories are divided, per statute, into two parts. One part is called distribution base; the other part is known as non-shared. The division of collections into these two parts varies from category to category. For example, retail sales tax is 40% distribution base and 60% non-shared. In contrast, contracting is 20% distribution base and 80% non-shared. Use tax is 100% non-shared.

At the close of each month, the computer aggregates transaction privilege and severance tax collections by category and calculates total distribution base and non-shared portions. The amount shown as "Use Tax" in the table below includes use tax, use inventory tax and jet fuel use tax. Education tax is in accordance with prop 301 resulting in an additional 0.6% education tax being added to most business classifications. The "Other Revenue" category includes county excise, road, jail and hospital taxes and various other excise taxes, such as the 911 excise tax.

	December 2003	December 2002	% change
Distribution Base	\$109,615,062	\$102,759,121	6.7
Non shared	205,263,238	193,918,448	5.9
Use Tax	18,665,097	12,202,058	53.0
Education Tax	38,648,111	35,781,586	8.0
Other Revenues	45,550,229	42,766,117	6.5
Total Collections	\$417,741,736	\$387,427,331	7.8

	Fiscal Year 2003/04	Fiscal Year 2002/03	% change
Distribution Base	\$647,776,267	\$611,501,333	5.9
Non shared	1,255,769,019	1,181,839,937	6.3
Use Tax	115,252,681	89,250,280	29.1
Education Tax	236,663,961	219,195,655	8.0
Other Revenues	273,951,294	255,715,748	7.1
Total Collections	\$2,529,413,223	\$2,357,502,953	7.3

Distribution of Transaction Privilege, Severance and Use Tax Receipts

Of the distribution base portion of transaction privilege and severance taxes, described above, 25% is returned to incorporated cities/towns, 40.51% is returned to counties and 34.49% goes to the state general fund with the exception of mining severance tax. All of the non-shared revenue and use tax is deposited into the general fund. Therefore, the "Retained By State" figure presented below includes all non-shared portion of transaction privilege tax, use tax and 34.49% of the distribution base collections. The education tax is distributed in accordance with prop 301. "Other" revenues are returned to the administering authority.

	December 2003	December 2002	% change
Retained by State	\$261,734,569	\$241,562,128	8.4
Returned to Counties	44,405,062	41,627,720	6.7
Returned to Cities	27,403,766	25,689,780	6.7
Education Tax	38,648,111	35,781,586	8.0
Other Revenues	45,550,229	42,766,117	6.5
Total Collections	\$417,741,736	\$387,427,331	7.8

	Fiscal Year 2003/04	Fiscal Year 2002/03	% change
Retained by State	\$1,594,439,735	\$1,481,997,026	7.6
Returned to Counties	262,414,166	247,719,190	5.9
Returned to Cities	161,944,067	152,875,333	5.9
Education Tax	236,663,961	219,195,655	8.0
Other Revenues	273,951,294	255,715,748	7.1
Total Collections	\$2,529,413,223	\$2,357,502,953	7.3

Transaction Privilege and Severance Tax Collections By Class

	Tax Rate	December 2003	% Chg	Fiscal Year Total	% Chg
Transporting/Towing	5.6	\$305,435	43.5	\$1,646,832	20.9
Non-Metal Mining/Oil & Gas	3.125%	686,539	(60.4)	4,370,799	(11.4)
Utilities	5.6%	21,409,351	4.7	180,279,583	6.7
Communications	5.6%	11,544,283	(7.0)	69,922,183	(3.7)
Railroads/Aircraft	5.6%	77,706	(32.5)	559,528	N/A
Private Car/Pipelines	5.6%	85,244	194.2	465,481	71.8
Publishing	5.6%	436,271	(13.7)	3,231,829	(4.1)
Printing	5.6%	1,424,990	2.7	9,016,510	(27.7)
Restaurants/Bars	5.6%	29,683,126	10.2	166,852,086	7.0
Amusements	5.6%	3,827,574	11.8	18,257,674	2.5
Commercial Lease	0%	5,582	38.4	(90,042)	38.9
Rental of Personal Property	5.6%	12,925,377	(4.6)	77,521,498	(6.0)
Contracting	3.75% - 5.6%	50,630,014	6.9	324,894,575	11.9
Feed Wholesale	Repealed	0	N/A	(38)	91.1
Retail	5.6%	172,445,626	7.1	1,001,399,649	6.2
Mining Severance	2.5%	349,794	464.9	1,706,238	273.4
Timber Severance	\$2.13/\$1.51 per 1000 board ft	1,137	57.4	5,007	469.7
Hotel/Motel	5.5%	8,456,469	19.5	41,197,211	6.1
Membership Camping	5.6%	7,667	(26.3)	45,067	21.4
Use/Use Inventory	5.6%	18,665,097	53.0	115,252,681	29.1
Rental Occupancy Tax	3.0%	10,199	15.8	61,961	(0.8)
Jet Fuel Tax	\$.0305/\$.0105 gal	357,807	(10.5)	2,032,167	(19.2)
Telecommunications Devices:	1.1				
Telecom. Fund for the Deaf	----	422,550	(20.4)	2,663,609	(13.9)
School for the Deaf	----	140,850	N/A	552,961	N/A
Poison Control Fund	----	110,201	(43.9)	804,248	(29.7)
911 Wireline/Excise	\$0.37 monthly per activated service	1,170,918	(13.1)	6,778,944	(13.2)
911 Wireless Service	\$0.37 monthly per activated service	897,247	(8.7)	5,882,418	22.9
Total		\$336,077,057	7.7	\$2,035,310,660	7.2

The Use/Use Inventory category shown on the previous page includes jet fuel use tax. These collections include only the individual classes of transaction privilege tax, severance tax and use tax. The total does not include license fees or any other fees collected by the Department.

Transaction Privilege and Severance Tax Taxable Sales By Class¹

	December 2003	% Chg	Fiscal Year Total	% Chg
Transporting/Towing	\$6,108,708	43.5	\$32,936,635	20.9
Non-Metal Mining/Oil & Gas	21,969,262	(60.4)	139,865,563	(11.4)
Utilities	428,187,021	4.7	3,605,591,667	6.7
Communications	230,885,668	(7.0)	1,398,443,663	(3.7)
Railroads/Aircraft	1,554,130	(32.5)	11,190,567	N/A
Private Car/Pipelines	1,704,885	194.2	9,309,619	71.8
Publishing	8,725,429	(13.7)	64,636,577	(4.1)
Printing	28,499,803	2.7	180,330,210	(27.7)
Restaurants/Bars	593,662,518	10.2	3,337,041,710	7.0
Amusements	76,551,485	11.8	365,153,481	2.5
Commercial Lease	510,648	62.5	(6,517,953)	47.6
Rental of Personal Property	258,507,542	(4.6)	1,550,429,952	(6.0)
Contracting	1,012,598,278	6.9	6,497,890,397	11.9
Feed Wholesale	15	N/A	(8,021)	91.1
Retail	3,448,912,515	7.1	20,027,992,976	6.2
Mining Severance	13,991,773	464.9	68,249,519	273.4
Timber Severance	534	N/A	1,974	N/A
Hotel/Motel	153,753,989	19.5	749,040,197	6.1
Membership Camping	153,343	(26.3)	901,338	21.4
Use/Use Inventory	373,382,725	53.1	2,302,351,412	29.1
Rental Occupancy Tax	339,953	15.8	2,065,362	(0.8)
Total	\$6,660,000,224	7.8	\$40,336,896,844	7.3

Telecommunications Devices, 911 Excise and 911 Wireless Service classifications previously listed in the collections table are not elements of calculated taxable income and therefore, are not included in the above table. The Use/Use Inventory category shown above does not include jet fuel use tax. Since the jet fuel use tax is a gallonage tax, this too can not be computed as taxable income. A comparison can be made of gallons of jet fuel on which Arizona jet fuel tax or jet fuel use tax was paid. In December 2003, 11,938,547 gallons of jet fuel were taxed, a 10.8% decrease from the 13,384,162 reported for December 2002. Timber Severance includes only sales subject to a repealed rate. The current tax is per board feet upon which taxable income cannot be computed.

Accounting Credit

Effective to taxable periods beginning from and after July 1, 1995, a credit equal to one percent of the amount of tax due, up to \$10,000 per calendar year, is allowed to businesses for expenses incurred during the accounting and reporting of Transaction Privilege Tax. The amount of accounting credits claimed in December 2003 was \$1,227,909 a 10.6% increase from the \$1,110,677 claimed in December 2002. Accounting credits claimed-to-date in FY 2003/04 equals \$8,182,238 a 5.9% increase from the \$7,725,687 claimed during the same period in FY 2002/03.

¹These Taxable Sales figures are calculated on a per return basis, by taking collections and dividing them by the appropriate tax rate. These figures may not match other Taxable Sales figures calculated on the aggregate.

Taxable Sales by SIC Code Range

The taxable sales by SIC (Standard Industrial Classification) Code ranges are an indicator of business occurring for that type of retail sale. Certain limitations must be understood when using this information.

The Department of Revenue assigns a SIC code to a business based on its primary type of business activity. A grocery store would be assigned a SIC code of 5411. A business that deals primarily with dairy products would have a SIC code of 5451. A problem arises with businesses which derive revenue from multiple business activities. For example, a store like Fry's Market Place might be considered both a grocery store and a department store; however, all revenue would be reported under only one of the two possible codes. In summary, an accurate description of what this information represents would be: "These figures represent taxable retail sales for those businesses which have a primary SIC code falling within one designated range."

If the taxable sales for these ranges were added together, the total would not equal retail taxable sales. This is again due to the primary SIC code assignment. There are businesses making retail sales, which do not have a primary retail SIC code.

<u>SIC Code</u> <u>Range</u>	<u>Description</u>	<u>December 2003</u>	<u>December 2002</u>	<u>% Chg</u>
5211-5271	building materials, hardware, garden supply & mobile home dealers	\$214,027,683	\$188,867,552	13.3
5311-5399	general merchandise stores	302,542,570	278,622,471	8.6
5411-5499	food stores (no food sales)	256,374,292	258,255,246	(0.7)
5511-5521	motor vehicle dealers	587,034,001	541,679,183	8.4
5531-5599	misc. automotive, motorcycle & boat stores	172,337,703	152,934,431	12.7
5611-5699	apparel & accessory stores	243,659,960	229,207,207	6.3
5712-5733	furniture, home furnishings & equipment stores	202,726,091	178,789,767	13.4
5912-5949	misc. retail stores	247,108,545	230,247,525	7.3
	TOTAL	\$3,448,912,515	\$3,219,353,926	7.1

<u>SIC Code</u> <u>Range</u>	<u>Description</u>	<u>Fiscal Year 2003/04</u>	<u>Fiscal Year 2002/03</u>	<u>% Chg</u>
5211-5271	building materials, hardware, garden supply & mobile home dealers	\$1,276,067,537	\$1,169,041,926	9.2
5311-5399	general merchandise stores	1,490,229,612	1,465,196,152	1.7
5411-5499	food stores (no food sales)	1,535,004,851	1,497,743,493	2.5
5511-5521	motor vehicle dealers	3,923,945,668	3,655,680,146	7.3
5531-5599	misc. automotive, motorcycle & boat stores	1,097,343,402	988,745,509	11.0
5611-5699	apparel & accessory stores	1,194,427,127	1,147,005,205	4.1
5712-5733	furniture, home furnishings & equipment stores	1,113,804,701	965,033,990	15.4
5912-5949	misc. retail stores	1,247,780,168	1,193,245,104	4.6
	TOTAL	\$20,027,992,976	\$18,864,760,461	6.2

Transaction Privilege and Severance Tax Returned to Counties

Taxpayers reported the following taxable transactions and tax collections by county. The share of the revenues returned to each county for December 2003 is shown in the County Share column.

	Dist. Base Collections	County Share	% of Total	FYTD County Share	% Chg
Apache	\$226,543	\$332,058	0.7	2,012,480	5.6
Cochise	1,681,011	815,084	1.8	4,881,079	9.4
Coconino	2,605,450	1,103,612	2.5	7,285,723	1.4
Gila	677,768	344,638	0.8	2,115,772	6.1
Graham	320,183	201,141	0.5	1,207,439	4.6
Greenlee	305,540	132,792	0.3	852,835	(0.8)
La Paz	237,832	127,995	0.3	759,067	6.2
Maricopa	73,795,768	28,616,776	64.4	168,116,666	6.0
Mohave	2,902,109	1,206,915	2.7	7,271,023	7.1
Navajo	1,443,163	684,721	1.5	4,264,024	0.5
Pima	16,329,389	6,672,415	15.0	39,254,254	4.7
Pinal	2,236,555	1,180,123	2.7	6,999,260	11.3
Santa Cruz	762,209	307,288	0.7	1,723,353	7.9
Yavapai	3,426,908	1,497,987	3.4	9,013,031	8.9
Yuma	2,664,635	1,181,517	2.7	6,658,159	7.7
Total	\$109,615,062	\$44,405,062		\$262,414,166	5.9

Transaction Privilege and Severance Tax Returned to Cities/Towns

The portion of transaction privilege and severance tax returned to each incorporated city or town for December 2003 is shown on Table 3, attached to this report.

County Tax Collections

The following county-imposed tax collections were received by the Department of Revenue during September 2003 and returned to the counties. County taxes in all but Coconino County are imposed at 10% of the state transaction privilege tax rate. Coconino's Excise Tax is 10% of the state rate, and its Jail Tax is 6% of the state rate. The stadium tax was imposed at 5% of the state rate. This rate completed its run in December 1997. Collections received now should be for prior periods. The rental car surcharge in Maricopa County is \$2.50 per car and in Pima County is \$3.50 per car. The RV Surcharge is \$0.50/day on each lease or rental of a parking space for recreational vehicles.

	Road Tax	Excise Tax	Jail Tax	Rental Car Surcharge	Stadium Tax	RV Surcharge	Hospital Tax/Health SVCS Dist	Capitol Projects	Tourism Authority
Apache		\$82,218							
Cochise		\$495,066							
Coconino		\$766,914	\$459,940					\$188,701	
Gila	\$213,296	\$207,746							
Graham		\$88,575							
Greenlee		\$48,887							
La Paz		\$68,840	\$68,835				\$14,950		
Maricopa	\$22,731,827		\$8,439,382	\$444,621	\$701				\$1,785,513
Mohave		\$425,395							
Navajo		\$421,160							
Pima				\$113,228		\$18,853			
Pinal	\$762,603	\$748,579							
Santa Cruz		\$216,688							
Yavapai		\$996,657	\$498,531						
Yuma		\$778,415	\$778,296					\$776,981	

OTHER TAXES

Luxury Taxes

The following revenues were received from luxury taxes in December 2003. The table compares the receipts to December 2003 and also compares fiscal year (FY) totals. Figures may not add to total due to rounding.

	December 2003	December 2002	% Change
Spirituos	\$2,091,715	\$2,176,620	(3.9)
Vinous	1,221,241	1,104,450	10.6
Malt	1,822,156	1,777,372	2.5
Cigarette	21,232,642	14,875,436	42.7
Other Tobacco	712,562	373,214	90.9
Tobacco Licenses	300	200	50.0
Total	\$27,080,615	\$20,307,292	33.4

	Fiscal Year 2003/04	Fiscal Year 2002/03	% Change
Spirituos	\$10,978,337	\$10,328,169	6.3
Vinous	5,028,871	4,504,008	11.7
Malt	10,904,487	11,092,301	(1.7)
Cigarette*	129,861,562	95,865,839	35.5
Other Tobacco	3,829,535	2,048,538	86.9
Tobacco Licenses	2,375	2,250	5.6
Total	\$160,605,168	\$123,841,105	29.7

*Through December 2003, \$417,300 of cigarette and tobacco tax collections has been allocated for administrative expenses and is not included in the cigarette collections above.

General Fund revenues from luxury taxes:

	December 2003	Fiscal Year 2003/04
Spirituos	\$1,464,201	\$7,684,836
Vinous	304,629	1,254,182
Malt	455,539	2,726,121
Cigarette	2,839,413	17,318,514
Other Tobacco	110,447	593,220
Tobacco Licenses	300	2,375
Total	\$5,174,528	\$29,579,249

Other dedicated revenues from luxury taxes:

	December 2003	Fiscal Year 2003/04
Correction Fund revenues	\$2,404,052	\$12,914,310
Tobacco Tax & Health Care Fund ²	7,433,257	45,211,408
Tobacco Products Tax Fund ³	11,096,713	67,809,923
Wine Promotional Fund revenues	2,726	12,140
Drug Treatment & Education Fund revenues	693,741	3,634,303
Corrections Revolving Fund revenues	275,598	1,443,835

² Formerly the Health Care Fund

³ This Fund was created by Prop. 303, which increased cigarette & other tobacco products tax rates in November 2002.

Estate Tax

	December 2003	\$5,139,387	Fiscal year To Date	\$20,638,067
	December 2002	<u>\$3,396,255</u>	Fiscal year To Date	<u>\$34,935,560</u>
% Change		51.3	% Change	(40.9)

Bingo

	December 2003	\$45,407	Fiscal year To Date	\$298,880
	December 2002	<u>\$47,565</u>	Fiscal year To Date	<u>\$302,150</u>
% Change		(4.5)	% Change	(1.1)

Unclaimed Property

	December 2003	\$272,086	Fiscal year To Date	\$30,872,913
	December 2002	<u>\$1,355,491</u>	Fiscal year To Date	<u>\$25,110,533</u>
% Change		N/A	% Change	22.9%

Please note that some totals throughout Tax Facts may not add due to rounding.

SOURCE: THE OFFICE OF ECONOMIC RESEARCH & ANALYSIS, ARIZONA DEPARTMENT OF REVENUE

TABLE 1
“New” Returns Filed in 2003 for Tax Year 2002
Through December 2003

Federal Adjusted Gross Income Bracket	Number of Returns	% of Total	Average FAGI	Average Tax Due	CHARACTERISTICS OF TAXPAYERS					
					% Married Joint	% Single	% Unmarried Head	% Married Separate	% Over 65	% With Dependents
Negative FAGI	2,811	1.3%	-\$20,693	\$2	16.2%	76.3%	4.7%	2.8%	13.8%	10.4%
\$0-\$5,000	46,002	20.9%	\$2,708	\$3	4.4%	82.9%	11.7%	1.0%	4.2%	16.7%
\$5,000-\$10,000	46,031	20.9%	\$7,380	\$24	7.6%	71.6%	19.4%	1.5%	5.8%	27.5%
\$10,000-\$15,000	32,299	14.7%	\$12,366	\$89	14.4%	55.2%	28.4%	1.9%	8.7%	39.9%
\$15,000-\$20,000	23,857	10.8%	\$17,359	\$163	20.9%	46.5%	30.0%	2.6%	9.1%	44.4%
\$20,000-\$25,000	16,467	7.5%	\$22,358	\$267	25.4%	40.7%	30.3%	3.7%	7.7%	47.9%
\$25,000-\$30,000	11,574	5.3%	\$27,376	\$392	29.1%	40.5%	26.7%	3.7%	7.5%	46.2%
\$30,000-\$40,000	14,667	6.7%	\$34,488	\$555	36.1%	37.0%	22.7%	4.1%	8.1%	46.0%
\$40,000-\$50,000	8,637	3.9%	\$44,573	\$781	47.5%	31.9%	17.0%	3.7%	10.1%	47.2%
\$50,000-\$75,000	10,459	4.8%	\$60,386	\$1,160	61.6%	25.0%	11.0%	2.4%	13.0%	46.2%
\$75,000-\$100,000	3,739	1.7%	\$85,386	\$1,802	72.2%	18.9%	6.8%	2.2%	15.5%	45.3%
\$100,000-\$200,000	2,847	1.3%	\$130,739	\$3,246	72.7%	19.2%	6.1%	2.0%	17.3%	44.0%
\$200,000-\$500,000	593	0.3%	\$282,019	\$9,278	69.3%	19.1%	8.0%	3.7%	19.3%	42.7%
\$500,000-\$1,000,000	92	0.0%	\$677,717	\$26,942	62.8%	22.3%	10.6%	4.3%	18.1%	48.9%
\$1,000,000 and over	54	0.0%	\$2,051,228	\$84,085	56.4%	27.3%	9.1%	7.3%	25.5%	27.3%
Total	220,129		\$20,256	\$329	20.2%	57.0%	20.6%	2.2%	7.6%	34.7%

NEW RETURNS FILED IN 2002 FOR TAX YEAR 2001

Total	233,775		\$19,905	\$332	20.5%	57.1%	20.2%	2.2%	7.9%	34.3%
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“NEW” Returns means that there was no return filed by the taxpayer in the previous filing year. This may or may not mean the filer is new to the state.

TABLE 2
Urban Revenue Sharing Returned to Cities/Towns
December 2003

City	Distribution	Population	City	Distribution	Population
<u>Apache County</u>			Scottsdale	\$1,522,767	202,705
Eagar	\$30,297	4,033	Surprise	231,737	30,848
Springerville	14,814	1,972	Tempe	1,191,628	158,625
St. Johns	26,653	3,548	Tolleson	37,366	4,974
<u>Cochise County</u>			Wickenburg	38,177	5,082
Benson	35,390	4,711	Youngtown	22,612	3,010
Bisbee	45,750	6,090	<u>Mohave County</u>		
Douglas	124,125	16,523	Bullhead City	253,681	33,769
Huachuca City	13,154	1,751	Colorado City	25,046	3,334
Sierra Vista	283,775	37,775	Kingman	150,763	20,069
Tombstone	11,298	1,504	Lake Havasu City	315,048	41,938
Willcox	28,043	3,733	<u>Navajo County</u>		
<u>Coconino County</u>			Holbrook	36,938	4,917
Flagstaff	397,352	52,894	Pinetop-Lakeside	26,909	3,582
Fredonia	7,783	1,036	Show Low	57,807	7,695
Page	51,151	6,809	Snowflake	33,505	4,460
Williams	21,350	2,842	Taylor	23,859	3,176
<u>Gila County</u>			Winslow	71,516	9,520
Globe	56,237	7,486	<u>Pima County</u>		
Hayden	6,701	892	Marana	101,836	13,556
Miami	14,544	1,936	Oro Valley	239,896	31,934
Payson	102,317	13,620	Sahuarita	24,355	3,242
Winkelman	3,328	443	South Tucson	41,242	5,490
<u>Graham County</u>			Tucson	3,656,197	486,699
Pima	14,942	1,989	<u>Pinal County</u>		
Safford	69,353	9,232	Apache Junction	238,994	31,814
Thatcher	30,214	4,022	Casa Grande	189,489	25,224
<u>Greenlee County</u>			Coolidge	58,490	7,786
Clifton	19,502	2,596	Eloy	77,939	10,375
Duncan	6,100	812	Florence	114,494	15,241
<u>La Paz County</u>			Kearny	16,895	2,249
Parker	23,588	3,140	Mammoth	13,237	1,762
Quartzsite	25,196	3,354	Superior	24,445	3,254
<u>Maricopa County</u>			<u>Santa Cruz County</u>		
Avondale	269,561	35,883	Nogales	156,840	20,878
Buckeye	63,831	8,497	Patagonia	6,618	881
Carefree	21,988	2,927	<u>Yavapai County</u>		
Cave Creek	28,006	3,728	Camp Verde	70,998	9,451
Chandler	1,326,518	176,581	Chino Valley	61,352	8,167
El Mirage	38,110	7,609	Clarkdale	25,707	3,422
Fountain Hills	152,010	20,235	Cottonwood	68,955	9,179
Gila Bend	14,874	1,980	Jerome	2,472	329
Gilbert	824,069	109,697	Prescott	254,950	33,938
Glendale	1,643,767	218,812	Prescott Valley	176,800	23,535
Goodyear	142,064	18,911	Sedona	76,565	10,192
Guadalupe	39,274	5,228	<u>Yuma County</u>		
Litchfield Park	28,622	3,810	San Luis	115,102	15,322
Mesa	2,988,186	397,776	Somerton	54,584	7,266
Paradise Valley	102,647	13,664	Wellton	13,740	1,829
Peoria	814,056	108,364	Yuma	583,588	77,685
Phoenix	9,923,998	1,321,045	TOTAL		
Queen Creek	32,423	4,316		\$30,422,097	4,052,210

TABLE 3
Transaction Privilege and Severance Tax Returned to Cities/Towns
December 2003

City	Distribution	Population	City	Distribution	Population
<u>Apache County</u>			Scottsdale	\$1,350,772	202,705
Eagar	\$26,875	4,033	Surprise	205,563	30,848
Springerville	13,141	1,972	Tempe	1,057,035	158,625
St. Johns	23,643	3,548	Tolleson	33,145	4,974
<u>Cochise County</u>			Wickenburg	33,865	5,082
Benson	31,393	4,711	Youngtown	20,058	3,010
Bisbee	40,582	6,090	<u>Mohave County</u>		
Douglas	110,105	16,523	Bullhead City	225,028	33,769
Huachuca City	11,668	1,751	Colorado City	22,217	3,334
Sierra Vista	251,723	37,775	Kingman	133,734	20,069
Tombstone	10,022	1,504	Lake Havasu City	279,464	41,938
Willcox	24,876	3,733	<u>Navajo County</u>		
<u>Coconino County</u>			Holbrook	32,766	4,917
Flagstaff	352,472	52,894	Pinetop/Lakeside	23,870	3,582
Fredonia	6,904	1,036	Show Low	51,277	7,695
Page	45,373	6,809	Snowflake	29,720	4,460
Williams	18,938	2,842	Taylor	21,164	3,176
<u>Gila County</u>			Winslow	63,439	9,520
Globe	49,885	7,486	<u>Pima County</u>		
Hayden	5,944	892	Marana	90,334	13,556
Miami	12,901	1,936	Oro Valley	212,800	31,934
Payson	90,760	13,620	Sahuarita	21,604	3,242
Winkelman	2,952	443	South Tucson	36,584	5,490
<u>Graham County</u>			Tucson	3,243,233	486,699
Pima	13,254	1,989	<u>Pinal County</u>		
Safford	61,520	9,232	Apache Junction	212,000	31,814
Thatcher	26,802	4,022	Casa Grande	168,086	25,224
<u>Greenlee County</u>			Coolidge	51,884	7,786
Clifton	17,299	2,596	Eloy	69,136	10,375
Duncan	5,411	812	Florence	101,562	15,241
<u>La Paz County</u>			Kearny	14,987	2,249
Parker	20,924	3,140	Mammoth	11,742	1,762
Quartzsite	22,350	3,354	Superior	21,684	3,254
<u>Maricopa County</u>			<u>Santa Cruz County</u>		
Avondale	239,115	35,883	Nogales	139,125	20,878
Buckeye	56,622	8,497	Patagonia	5,871	881
Carefree	19,505	2,927	<u>Yavapai County</u>		
Cave Creek	24,842	3,728	Camp Verde	62,979	9,451
Chandler	1,176,689	176,581	Chino Valley	54,423	8,167
El Mirage	50,704	7,609	Clarkdale	22,803	3,422
Fountain Hills	134,841	20,235	Cottonwood	61,166	9,179
Gila Bend	13,194	1,980	Jerome	2,192	329
Gilbert	730,992	109,697	Prescott	226,154	33,938
Glendale	1,458,105	218,812	Prescott Valley	156,831	23,535
Goodyear	126,018	18,911	Sedona	67,917	10,192
Guadalupe	34,838	5,228	<u>Yuma County</u>		
Litchfield Park	25,389	3,810	San Luis	102,102	15,322
Mesa	2,650,674	397,776	Somerton	48,419	7,266
Paradise Valley	91,053	13,664	Wellton	12,188	1,829
Peoria	722,109	108,364	Yuma	517,672	77,685
Phoenix	8,803,093	1,321,045			
Queen Creek	28,761	4,316	TOTAL	\$27,002,851	4,052,210

***The Office of Economic Research & Analysis
Arizona Department of Revenue
1600 W. Monroe
Phoenix, AZ 85007***